

JOINT (CITY/PORT) WORK GROUP FOR ECONOMIC DEVELOPMENT

Meeting Notice and Agenda

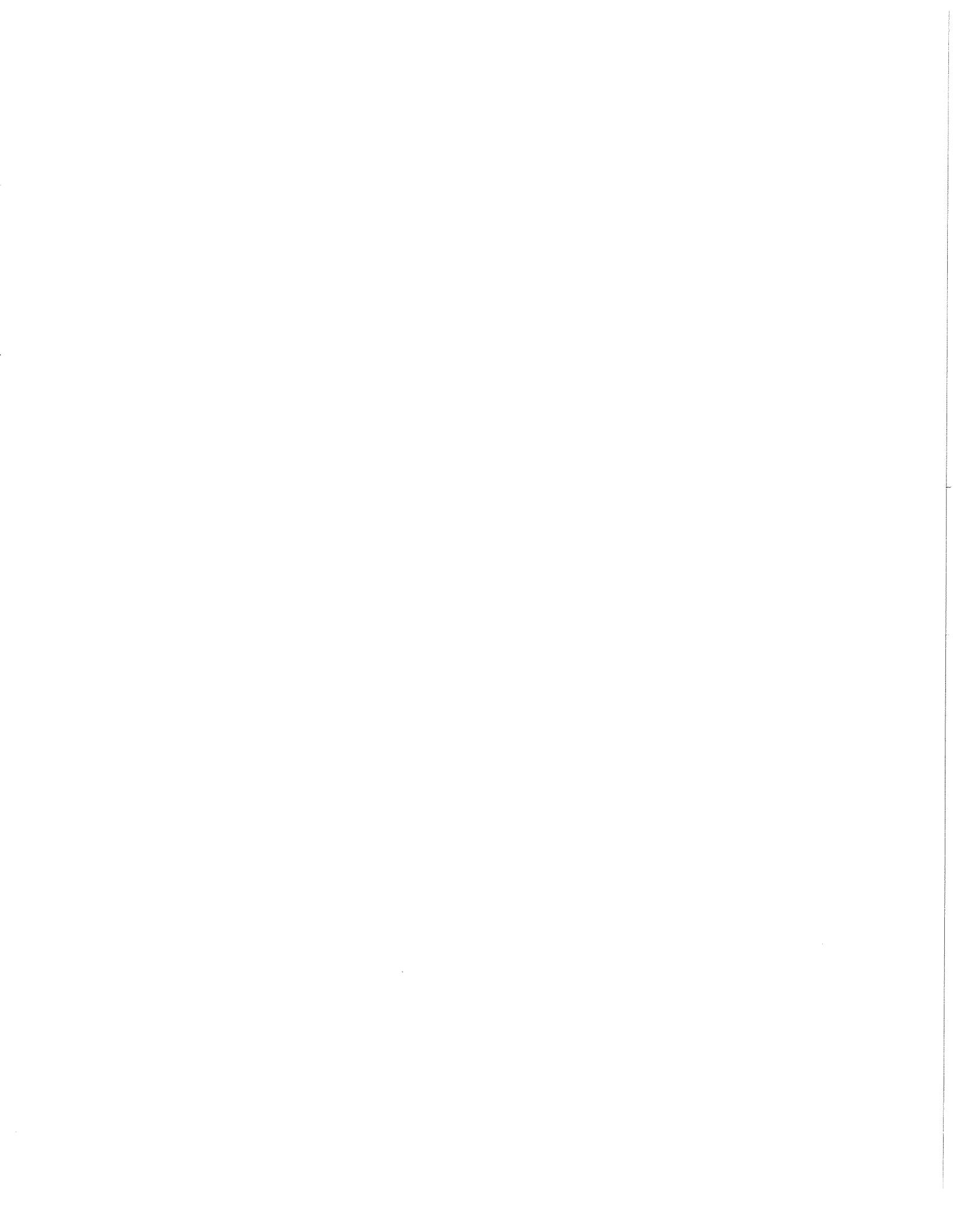
Thursday, March 26, 2015

7:00 PM

City Hall Council Chambers

1. Call To Order/Pledge of Allegiance.
2. Welcome and Self-Introductions.
3. Adoption of meeting minutes of January 29, 2015.
4. Citizen Input.
5. Other Matters:
 - A. Report from MCEDD.
 - B. Update on City economic development efforts.
 - C. Update on Port economic development efforts.
 - D. Review of the updated information sheet regarding Nestlé.
 - E. Discuss Process for Negotiation and Recruitment of Nestlé.
 - F. Discussion of Development Team regarding development of concepts and requirements.
6. Next Meeting: To be discussed.
7. Adjournment.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for person with disabilities, should be made at least 48 hours in advance of the meeting by contacting the City of Cascade Locks office at 541-374-8484.



1. **Call to Order/Pledge of Allegiance.** The JWGED was called to order by PP Groves at 7:00 PM. Members present: Mayor Cramblett, Port Commissioner Cramblett, PP Groves, PIGM Paul Koch, Port Secretary Sally Moore, and City Council Member Bruce Fitzpatrick. City Council Member Jeff Helfrich was excused. Citizen Member Gary Munkhoff was absent.

2. **Welcomes and Self-Introductions**

3. **Adoption of meeting minutes November 19, 2014**

Motion: Mayor Cramblett moved, seconded by PC Cramblett to approve the November 19, 2014 minutes. Motion passed unanimously.

4. **Citizen Input:** None

5. **Other Matters:**

a. Presentation and description of services by Amanda Hoey (MCEDD) and request to join JWGED

PIGM Koch stated the Port has been trying to take better advantage of resources available to the community through the Mid-Columbia Economic Development District (MCEDD); so Amanda Hoey, Executive Director gave a presentation on available services and has asked for a seat on the Joint Work Group on Economic Development. Amanda gave members a packet (Exhibit 1) showing a sampling of services available. An outline and overview of MCEDD was given. They serve five counties in the Gorge. They provide regional coordination for economic development. There is a 21 member board; one from each county. She explained the various agencies and programs available. They are working with more Universities and colleges to create a stronger focus on getting students ready to work in the industries in the Gorge. She gave an overview on the Oregon Investment Board; stating these are the funds through the Scenic Act. They are seeking final appropriations of funds. There are traditional loan funds available for all five counties. MCEDD is looking forward to an ongoing partnership with the Port and the City. CP Groves asked how important it is for prospective businesses to have a business plan. Amanda stated it is imperative and that prospective businesses are being sent to Mt Hood Community College. They have a small business development center. CP Groves stated the City and Port need to build the infrastructure in order to attract businesses. Amanda stated she looks forward to hearing more about the infrastructure needs. She stated it might be good to have other MCEDD staff members attend meetings as they have expertise in certain topics. One new service with MCEDD helped with is called Bike On Board through Translink. This program will transport your bike, (or if you are a walker) across the Hood River Bridge.

Motion: Council member Fitzpatrick moved, seconded by Mayor Cramblett to accept the MCEDD staff on the Joint City/Port work group. Motion passed unanimously.

b. Presentation from Energy Task Force PIGM Koch reported that the Port has retained an engineering firm from McMinnville that has agreed to accompany the Energy Task Force to the Port of Morrow County to look at their equipment to determine if it will work here. PP Groves stated he and CA Zimmerman met with Bonneville Power Administration (BPA) and talked about the future electrical needs of Cascade Locks. He stated he thought it was a productive meeting, and there are several options available.

c. Update on City economic developments

1. Electric substation options – There was a lengthy discussion regarding the possibilities for an additional substation and future increased electrical needs in Cascade Locks. CA Zimmerman and Keith Terry, electric foreman for the City of Cascade Locks gave the presentation and the handouts (Exhibit 2). These graphs showed use at certain time a day, and use per month on electricity. The handout also included a projected use diagram if new

businesses come into the community; as well as different options for upgrading. This included anticipated Puff Factory electricity use. CA Zimmerman stated the City needs to plan on peak uses at 6 megawatts per day. Presently, there is a 6 megawatt capability. Graphs showed different scenarios using power in the future, and the graphs showed prospective new businesses using 12 megawatts at peak. He explained there are some older transformers available to buy. After a brief discussion, Mayor Cramblett asked for more information, and stated he would like to talk to BPA first. CP Groves stated there are many alternatives available and deciding on upgrades depends on when the growth comes.

d. Update on Port economic development affairs PIGM Koch stated the Port Commission adopted a financial strategy to self-fund the improvements in the Business Park. The Infrastructure is moving forward and Jim Bussard, Port Engineer has presented a timeline. The scheduling plan will be finalized next week. Bio swales instead of storm sewers will be installed. There was a short discussion regarding options for the storm sewer system at the Business Park. PIGM commented there are ongoing negotiations with the Puff Factory, and the Port is getting close to a Letter of Intent. He stated that Don Mann, Interim Economic Development Manager at the Port, has had numerous calls and has been showing property in the Park. Bear Creek Holdings will close on February 17, 2015. The sub-division plat road plan was modified. This will save the Port \$425,000. Once approved it will be recorded in the latter part of February. There was Port Commission approval with the Comprehensive Economic Development Strategy (CEDS) on prioritization. The Heuker Brothers draft sales document has been finished by Port Attorney Brooks. It will come to the Commission for approval. IGM Koch was in last week Salem talking with legislators and staff, reaching out for OneGorge Coalition support. The Port met with the Port of Hood River and will meet with the Port of Skamania to discuss commonalities, aging bridges and bridge tolls. The temporary lease with Eco-Auger has ended. They were in the Flex Building and have moved to Camas, WA. CA Zimmerman explained the process of the Railroad Quiet Zone and the different crossings in the city and their restrictions. Some crossings are public and Herman Creek Crossing is a private zone, and could be shut down at any time. Some crossing guards may have to be moved. Commissioner Cramblett stated a stop sign is needed at Wasco and Moody due to increased traffic (construction and residential) coming down from the Harmony Heaven housing development. PP Groves said there is a business actively seeking to purchase lots near the Old Fire Hall. PIGM Koch stated that Don Mann, Interim Economic Development Manager, has been working with a party on moving a possible Data Center here.

6. Next Meeting: Thursday February 26, 2015

7. Adjournment: PP Groves adjourned the meeting at 9:10pm

Prepared by
Sally Moore Port of Cascade Locks

APPROVED:

Jess Groves, Port President



Mid-Columbia Economic Development

Mid-Columbia Economic Development District provides business and technical assistance and regional planning services to support a thriving regional economy.

Regional Planning

Annually, MCEDD collaborates with community representatives to develop our Comprehensive Economic Development Strategy. This plan identifies strategies based on current trends and areas best suited for growth to grow sustain the region's economy. It brings a regional approach to our efforts.

Industry Development

MCEDD works with representatives from private industry to support cluster development. Five clusters are currently targeted:

- Gorge Technology Alliance
- Col. Gorge Bi-State Renewable Energy Zone
- Columbia Gorge Arts and Culture Alliance
- Gorge Health Connect
- Columbia Gorge Winegrowers Association

Industry development is also achieved through services offered to our local government partners in developing infrastructure for our communities.

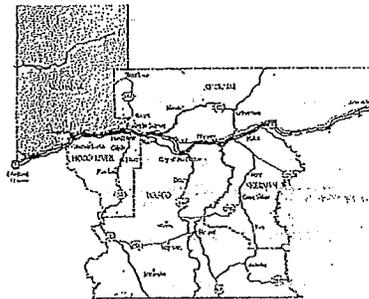
Business Assistance

MCEDD has supported hundreds of businesses through our revolving loan funds. With a total capitalization of approximately \$4.5 million, we have made more than \$10 million in loans, supporting the creation or retention of more than 1,000 jobs.

Bi-State Service Area

MCEDD serves five counties in two states bordering the Columbia River:

- Hood River County, Oregon
- Wasco County, Oregon
- Sherman County, Oregon
- Skamania County, Washington
- Klickitat County, Washington

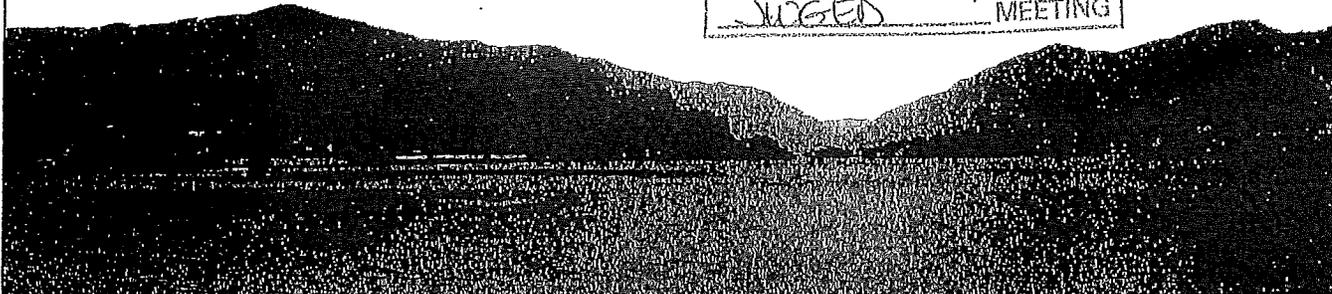


Contact Us

Mid-Columbia Economic Development
515 East Second Street
The Dalles, OR 97058

Phone: 541-296-2266
Email: amanda@mcedd.org
www.mcedd.org

EXHIBIT 1
TO MINUTES OF 11/29/15
WGED MEETING





Mid-Columbia Economic Development District

Comprehensive Economic Development Strategy

Annually MCEDD updates the region's Comprehensive Economic Development Strategy (CEDS). The CEDS provides a framework to support economic vitality of the region. As part of the annual update, the MCEDD Board develops a list of prioritized technical assistance and infrastructure projects and leverages the Agora Investment Platform to support these projects.



Agora Investment Platform:

Agora provides an online marketplace to advance community and economic development priorities by matching community needs with relevant funding sources across public, private, and philanthropic sectors. Agora provides the ability to prioritize key community needs and issues and offers greater visibility to community projects. Piloted at MCEDD, Agora is now expanding to additional geographies. With over 350 accounts, more than 50 capital pools and more than 100 projects, it is a dynamic resource for the region.

FY 2014 MCEDD Impact:

A number of priority infrastructure projects listed in the CEDS are underway this FY:

- Columbia Gorge Regional Airport Flex Space (Klickitat County): \$625,000 Economic Development Administration (EDA) funding.
- River Point Building (Port of Skamania): \$925,000 EDA Public Works funding.
- Moro Medical Clinic: \$250,000 loan for clinic upgrades.
- Giles French Park (Sherman County/City of Rufus): Development of a plan to present to the Army Corps of Engineers.
- Regional Wetlands Permit (Port of The Dalles): Funded through state, local and Oregon Investment Board resources.
- Attainable Housing: \$2 million State funding through the North Central Oregon Regional Solutions Center.

Get involved!

- Participate in the 2015 CEDS update.
- Advocate for funding to support Agora expansion and further community capacity.
- Commit to uploading key projects on Agora.

For More Information:

Amanda Hoey, MCEDD
amanda@mcedd.org
541-296-2266.

www.mcedd.org



Mid-Columbia Economic Development

Broadband Infrastructure Needs:

Broadband is essential to providing economic opportunities throughout the Mid-Columbia region. The region's rural nature and challenging and diverse terrain make building broadband infrastructure extremely costly and nearly impossible for a private sector investment alone to meet needs. MCEDD is committed to identifying opportunities and solutions to plan for broadband investments throughout the region.



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FY 2014 MCEDD Impact, in partnership with CEKC/WSU:

- Conducted 22 trainings (60 community participants, 55 business attendees).
- Developed a regional mobile laptop lab.
- Created a wifi hotspot inventory.
- Successfully applied for a Google Planning grant to further assess demand.
- Hosted quarterly Gorge Broadband Consortium forums for Internet Service Providers and local government partners.

Get involved!

- Support a proposed \$1.5 million investment through the State of Oregon into targeted middle-mile build out.
- Support development of state incentive programs to match federal and private resources.
- Support continued and increased funding through currently over-subscribed USDA funding programs, including Community Connect, Distance Learning and Telemedicine grant programs and Rural Broadband Loan program.



For More Information:

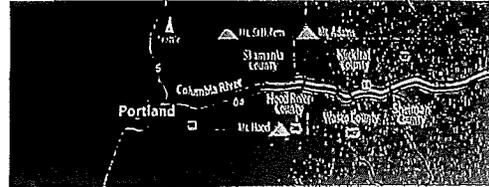
Carrie Pipinich, MCEDD
carrie@mcedd.org, 541-296-2266.

www.gorgebroadband.org

Mid-Columbia Economic Development District Shares in Investments to Revitalize American Manufacturing

MCEDD is developing a plan to support the regional manufacturing base through the "Investing in Manufacturing Communities Partnership" program. The goal of the initiative is to create globally competitive communities that attract, retain, and expand investment in manufacturing and spur international trade and exports. MCEDD received \$135,000 to help our rural region develop plans to build strengths in specific industries through specialized research and efforts to strengthen supply chains

MCEDD is working directly with Washington State University (WSU) and other partners to assist manufacturers in the Unmanned Aerial Systems (UAS) industry and with the Value Added agricultural community to find new markets, implement new technology and to identify innovative approaches to finding and meeting customer needs.



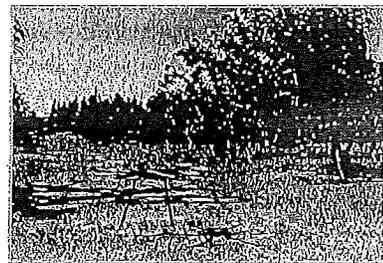
Overview

Through the **Investing in Manufacturing Communities Partnership**, MCEDD has an opportunity to build on our economic assets to further leverage the region's engineering capacity and entrepreneurial culture. The nation's economy is a collective of local and regional economies. In order to achieve national competitiveness, all areas of the country need to thrive in the advanced manufacturing sector. With more than 100 businesses participating in our industry cluster, we have the opportunity to develop a **sustainable bi-state rural model** reinvigorating manufacturing investment in rural communities and boosting manufacturers' global competitiveness.

Progress

Initial efforts have identified a few key items needed to support the manufacturing sector of the autonomous systems industry:

- The region must continue to build the private sector leadership team. The Gorge Technology Alliance is well suited to serve this role as a catalyst for action.
- The desire to create one or more locations where businesses can use specialized and expensive equipment cooperatively, receive technical support in manufacturing, and support workforce skills development. The regional team is pursuing the concept of an industrial cooperative or makerspace to meet this need. Discussions are ongoing regarding the proper terminology and the distinctions between a business support facility and educational facilities to engage the regions' youth. A regional approach to youth training as well as resource development for business engagement may ultimately require a network of facilities.
- Efforts to help smaller firms in the region to improve the quality of their final product are underway. Survey work has been conducted to better understand the needs of area firms in the UAS and Value Added Food sectors. Our consultant team is analyzing the information and working toward recommendation to assist local firms in effectively maneuvering through the complexities of the various certification programs.



UAV in Cherry Orchard

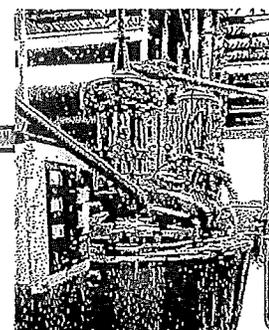
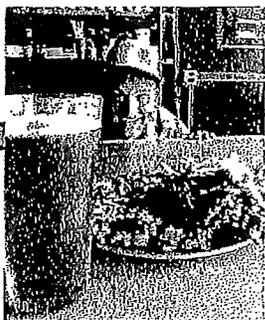
For more information contact:
Mid-Columbia Economic Development District
541-296-2266



Mid-Columbia Economic Development District

Business Financing Resources:

- MCEDD's loan programs have been capitalized with approximately \$4.6 million in federal and state loans and grants and \$1.9 million in local matching resources.



FY 2014 Loan Program Impact:

In FY 2014, MCEDD's programs supported the following businesses:

- Oregon Growers and Shippers
- Pocketfuel, LLC
- Steelhead Enterprises
- F&B1, LLC dba Pita Pit
- Morale Orchards
- Trinity Natural Medicine
- Pioneer Pizza
- Abide Craft Distillers
- NW Pediatrics and Adolescent Medicine
- A Home Sweet Home Elder Care
- Oregon Brineworks
- Skunk Brothers Spirits
- Sage Creek dba Muirhead Canning (OIB client)
- Opportunity Connections (OIB)

MCEDD's revolving loan programs have had sustained impact in supporting business and have:

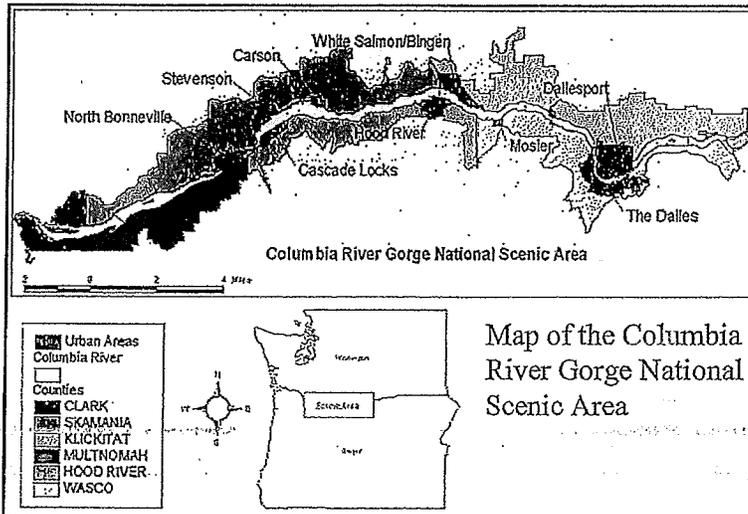
- Funded over 200 loans, approximately \$12 million total invested.
- Leveraged Resources: \$12 million public, \$28 million private.
- Resulted in job creation/retention: more than 1,960 jobs

Get involved!

Support outreach to starting, growing and expanding businesses. Connect them with financing resources through MCEDD. Contact Eric Nerdin, eric@mcedd.org, www.mcedd.org or 541-296-2266.

Community Benefit:

In 1986, Congress established the Columbia River Gorge National Scenic Area, a bi-state region within Oregon and Washington, and authorized funding in support of economic development, establishing the Oregon and Washington Investment Board loan and grant programs. Only a portion of the authorized funds have been appropriated to the Investment Boards and those are now fully revolved. New appropriations are required to support the economic development goals of the National Scenic Area.



Funding needed:
\$5 million

Funds will support the Columbia River Gorge economy and support initiatives to address economic opportunity lost during the twenty-eight year gap from congressional fund authorization until appropriation.

Additional funding will support the Columbia River Gorge economy and support initiatives to build and sustain the outstanding success achieved to date by leveraging the new funds provided.

Impact:

Through wise use of funds the Investment Boards have generated sustained economic growth in our rural communities.

- **Sustained Impact:** From an initial funding of \$8 million, the Boards approved grants and loans, by utilizing revolved funds, totaling nearly \$14 million.
- **Creates/Retains Jobs:** Investments through the Investment Boards directly resulted in the creation or retention of over 900 jobs.
- **Leverage:** Projects leveraged non-federal contributions of nearly \$34 million from public and private sources.

The Investment Boards have established the framework for successful investment, providing resources to businesses, governments and nonprofits for business assistance, infrastructure assistance and workforce development. The Investment Boards seek funding to be in a position to fulfill their duties under the NSA and continue to advance the economic well being of the Columbia River Gorge.

Power Usage (Monthly)

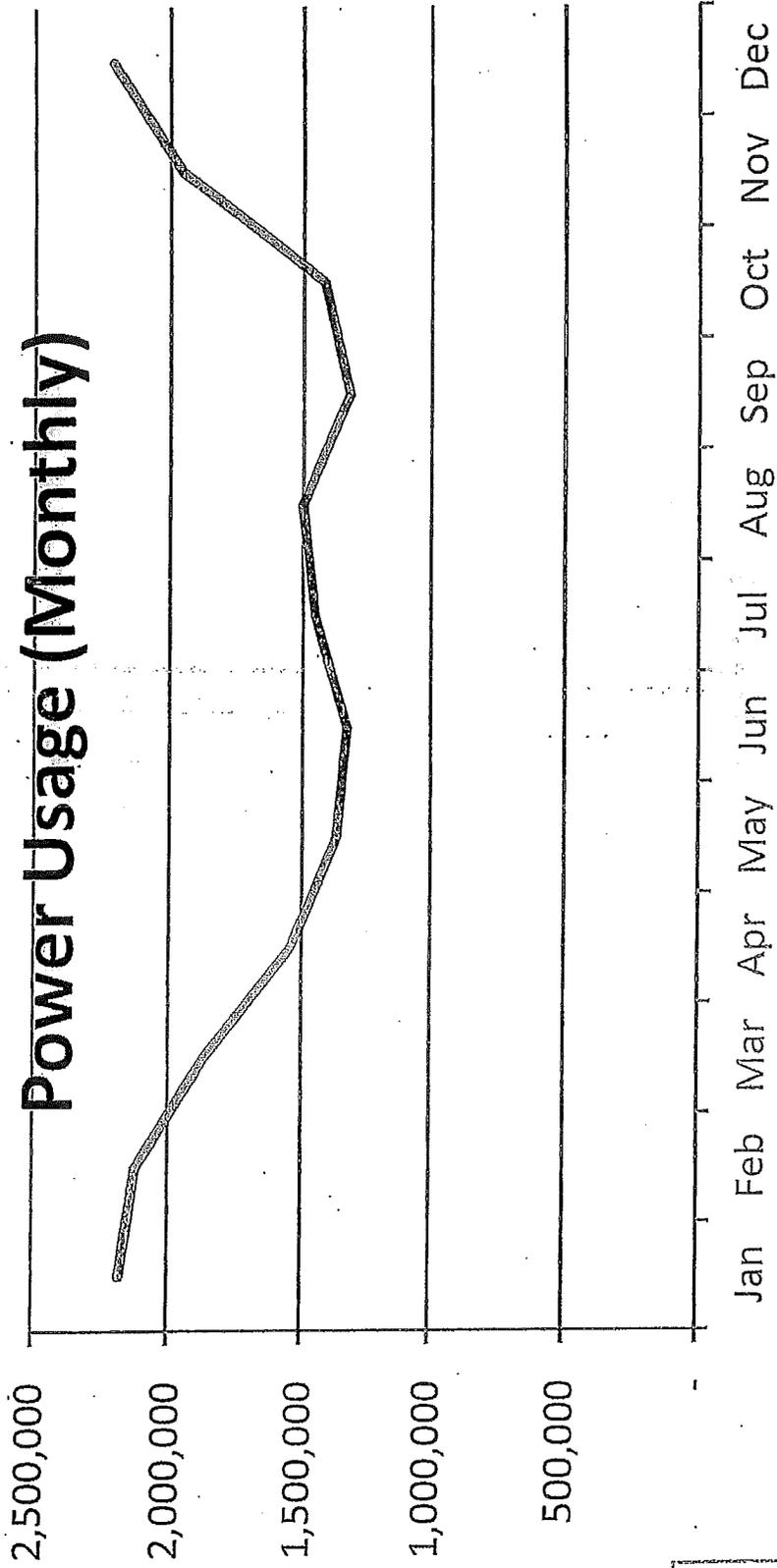
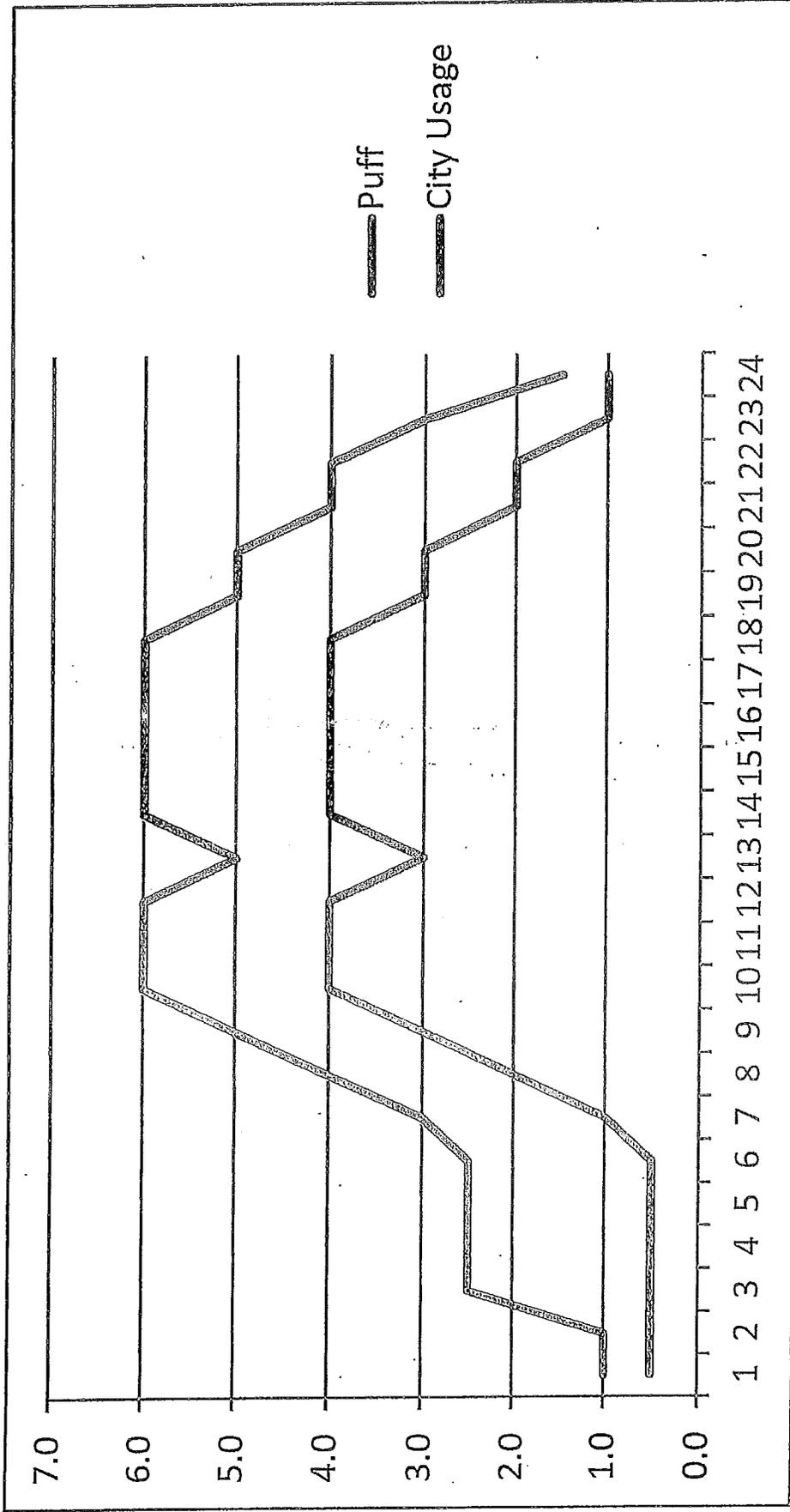
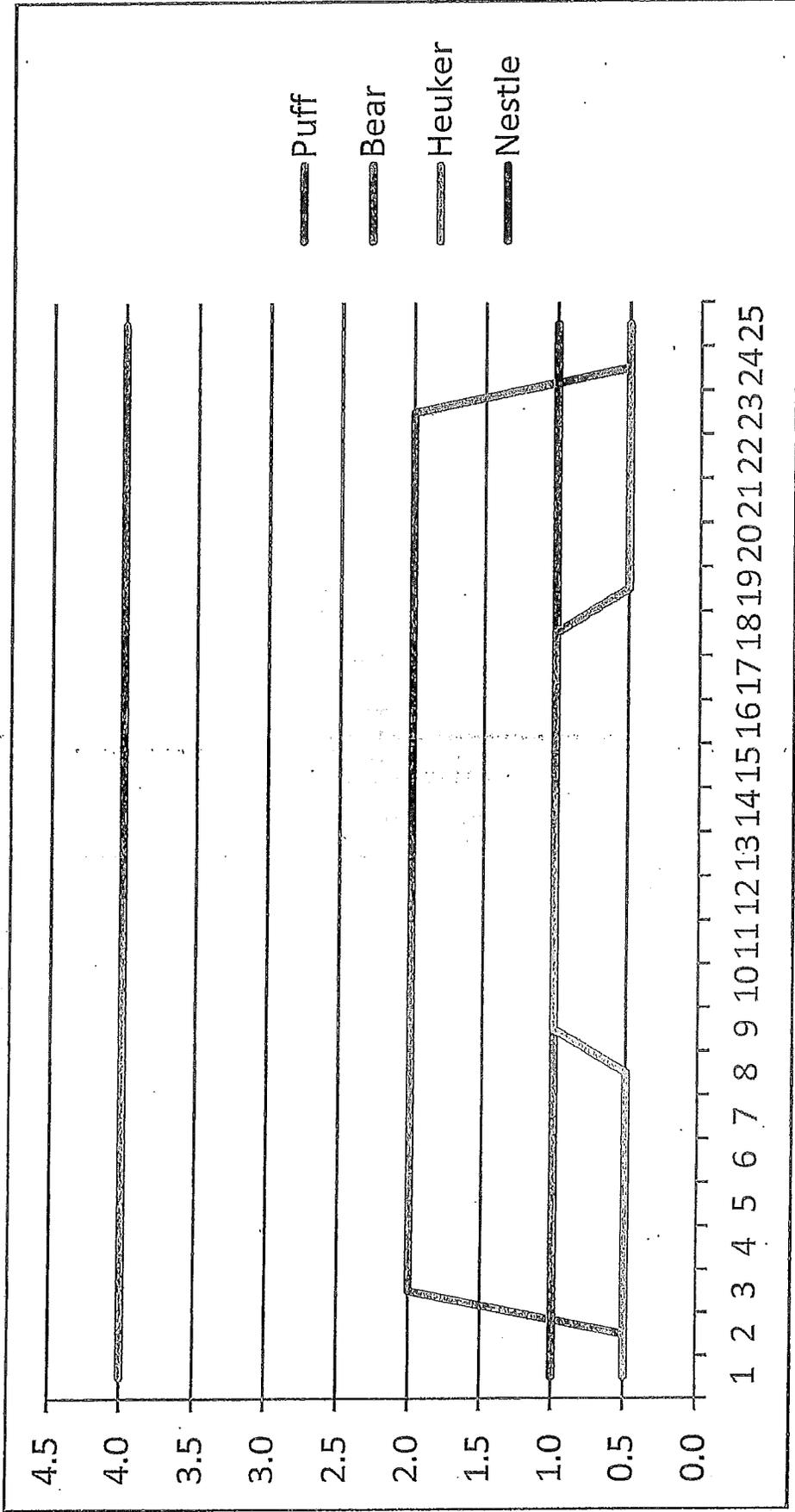
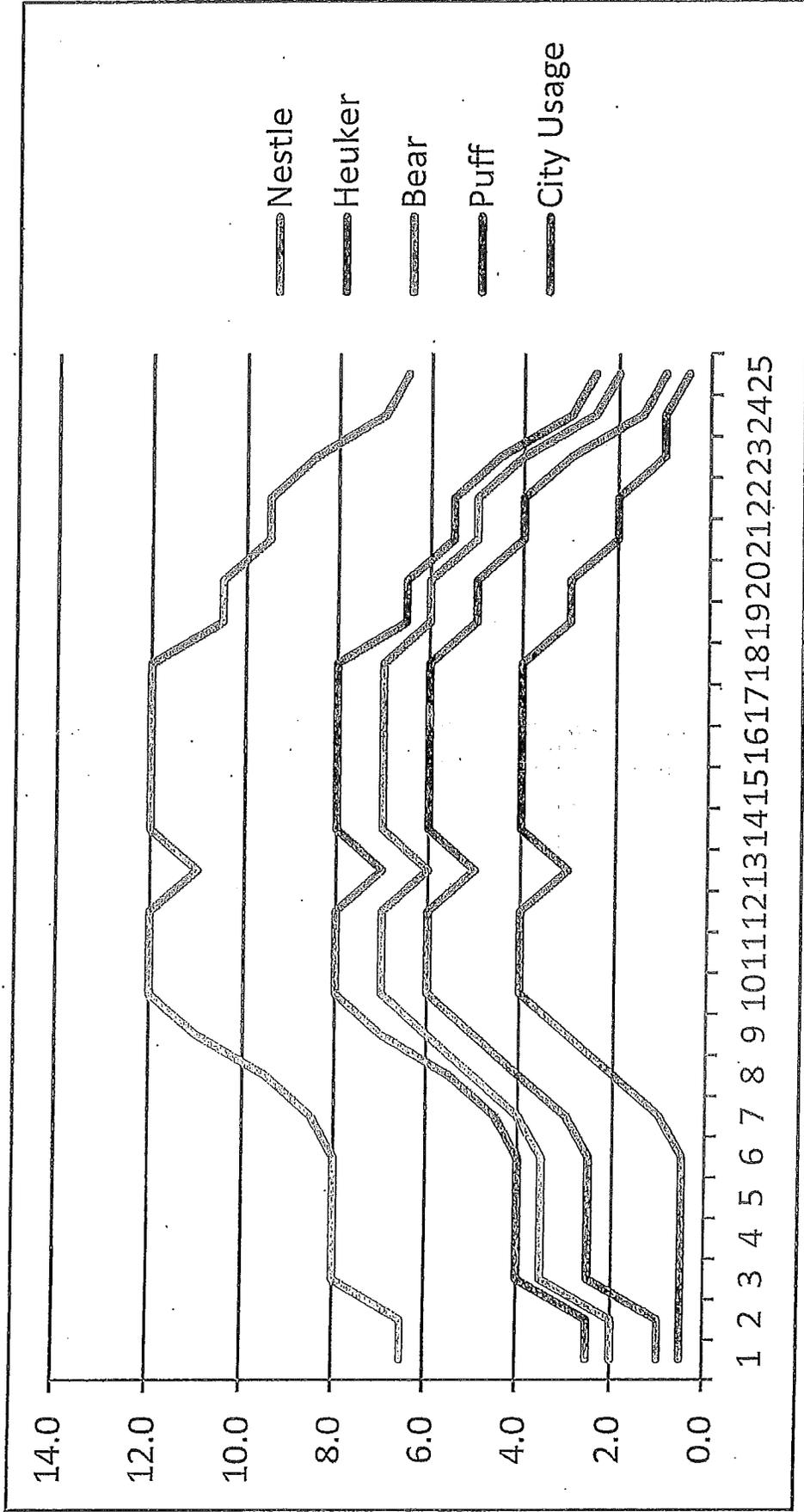


EXHIBIT 2
TO MINUTES OF 11/29/15
W0680 MEETING







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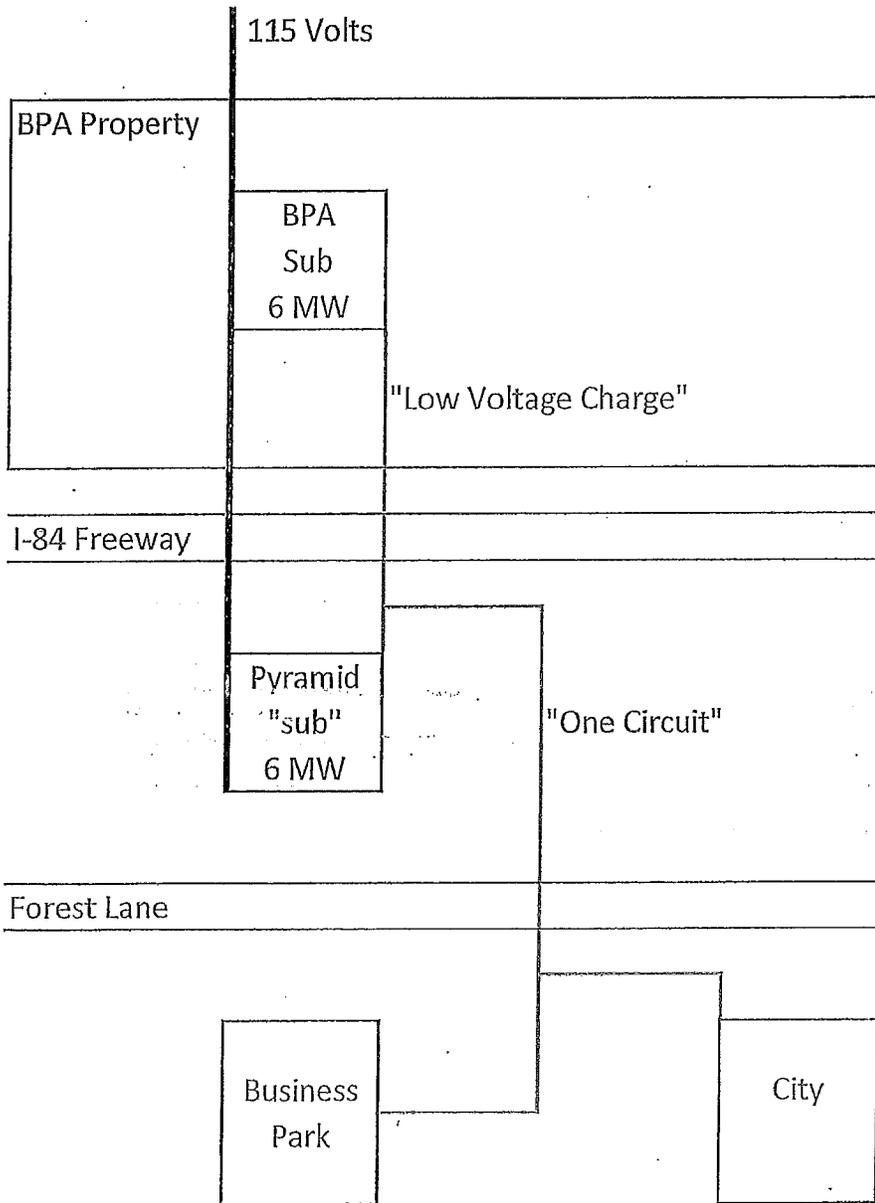
City of Cascade Locks
Purchase Option for the BPA Substation
Thursday, January 29, 2015

BPA Substation:	\$	301,000		
Unofficially:	\$	275,000		
Low Voltage Delivery Charge:	\$	40,000	2.5 MW	
Plus 25% Price Increase:	\$	50,000		
If the Load doubles:	\$	100,000	5.0 MW	
Offer:				
1. \$200,000	\$50,000		4 years	0% Interest
2. \$250,000	\$50,000		5 years	0% Interest

**City of Cascade Locks
Costs of Substation Rebuild
Thursday, January 29, 2015**

	New	City	BPA
Transformer/Equipment	959,000	250,000	250,000
15kV Feeder	186,000	150,000	150,000
115kV Station	662,000	100,000	200,000
Site Work	117,000	50,000	50,000
Control Building	<u>45,000</u>	<u>40,000</u>	<u>40,000</u>
	1,969,000	590,000	690,000
New Line to Business Park	200,000	200,000	200,000
Total Cost	2,169,000	790,000	890,000

Current Configuration



Two Circuits

115 Volts

BPA Property

BPA
Sub
6 MW

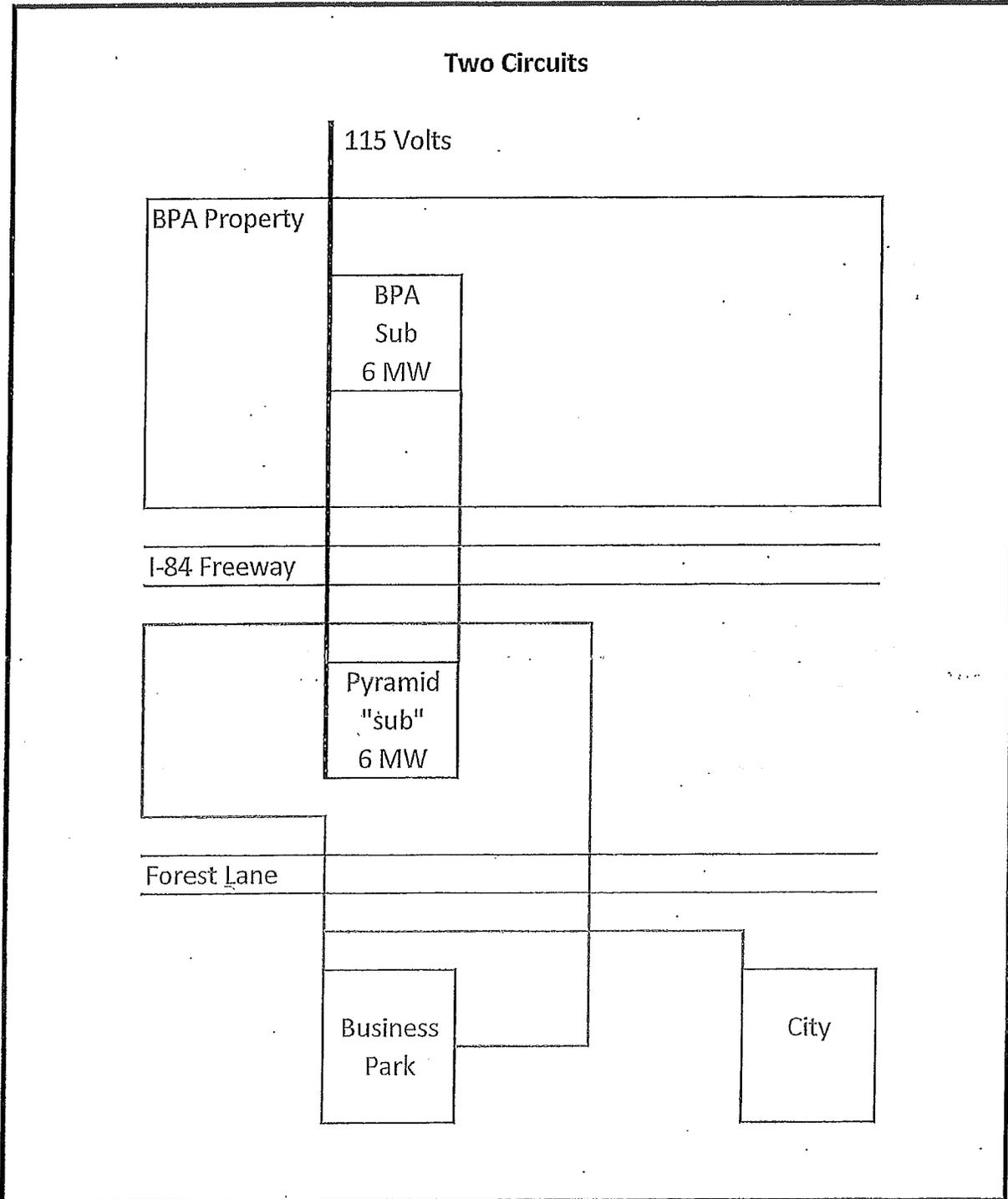
I-84 Freeway

Pyramid
"sub"
6 MW

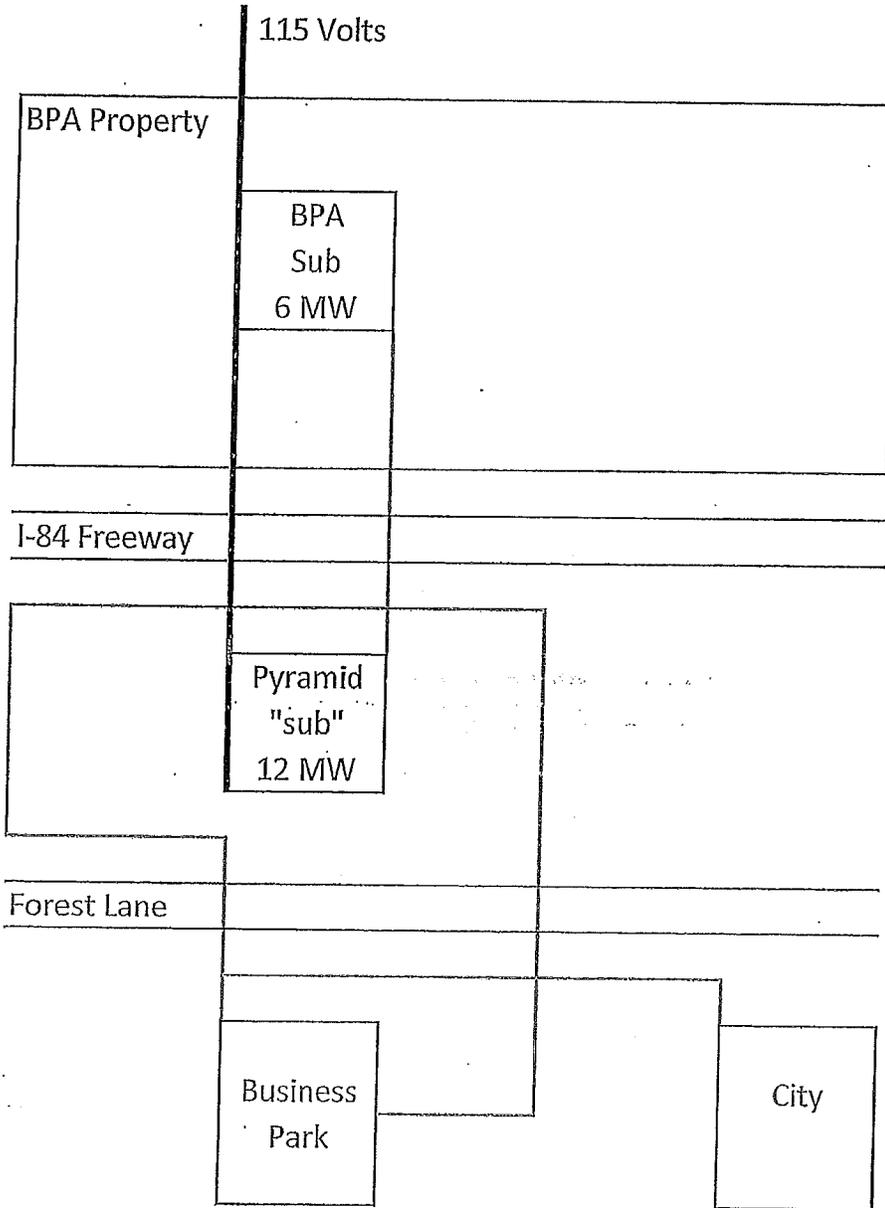
Forest Lane

Business
Park

City



Pyramid Rebuild



Rebuild BPA

115 Volts

BPA Property

BPA
Sub
12 MW

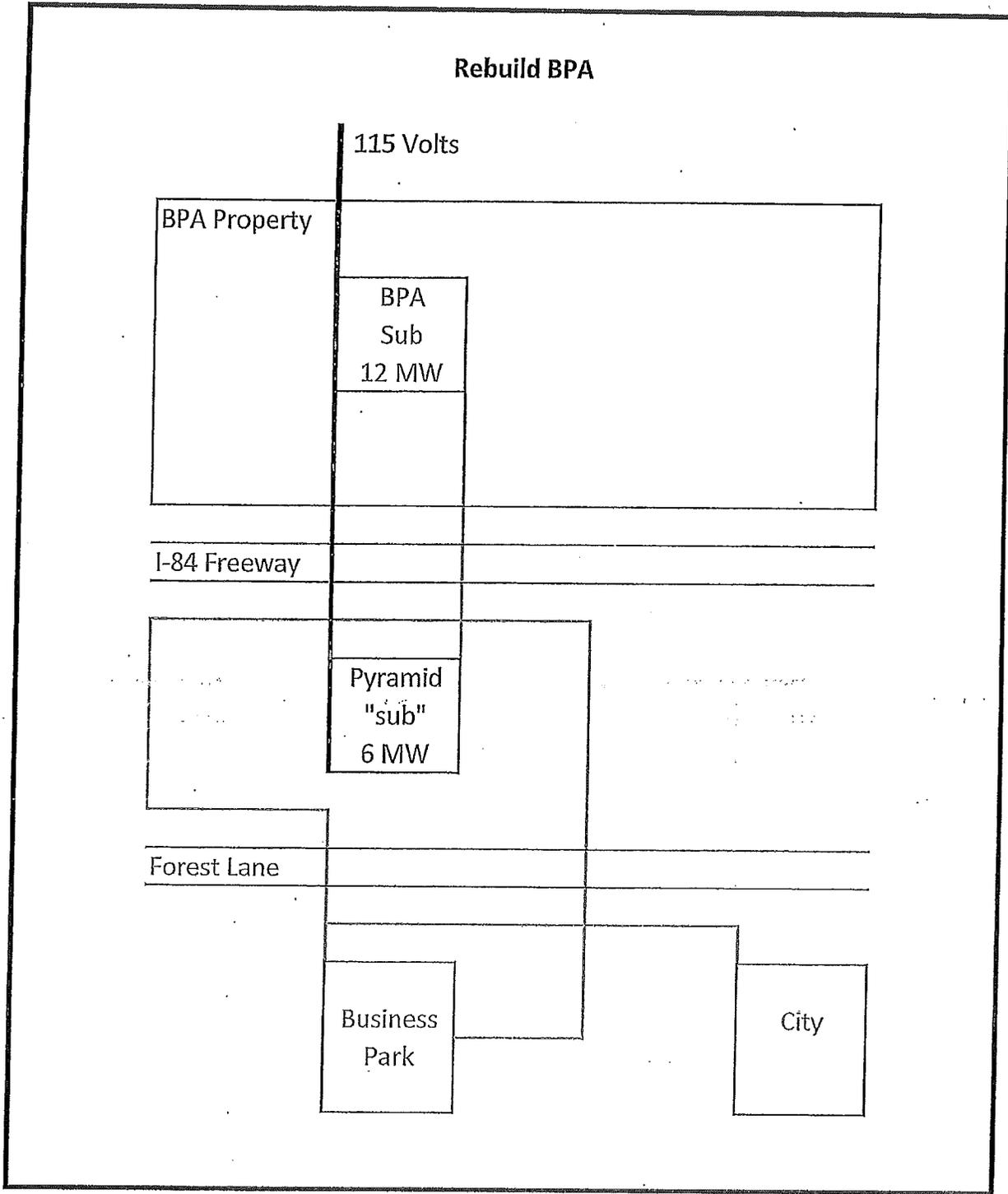
I-84 Freeway

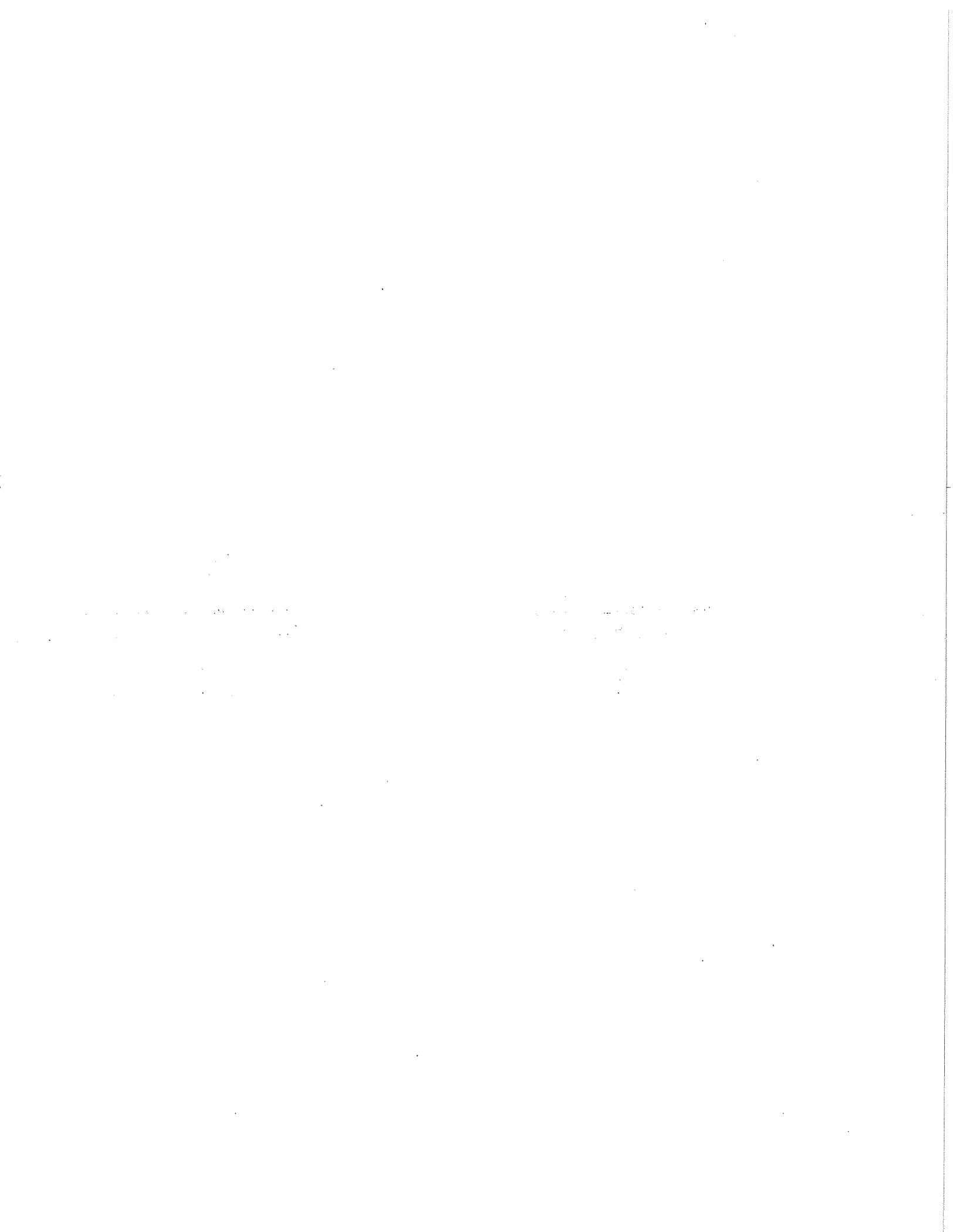
Pyramid
"sub"
6 MW

Forest Lane

Business
Park

City







City of Cascade Locks
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Cascade Locks, OR 97014

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Some Questions and Answers About the City of Cascade Locks and the Nestlé Water Bottling Facility

The City of Cascade Locks has received a proposal from Nestlé Waters North America to potentially build a small-sized, two-line bottled water plant in the Port of Cascade Locks business park. Currently there are approximately 30 other water bottling companies that operate in the State of Oregon. Both the City and the Port are undergoing a rigorous process to assess the economic and environmental viability of this project, and are committed to keeping residents informed with the facts. We are proud of our community's long-standing commitment to water stewardship, and recognize the need to fairly consider and evaluate any major new business opportunities that could provide a much needed economic boost to our community.

The City of Cascade Locks and the Port of Cascade Locks are continuing the investigation and review of the relationship with Nestlé Waters North America in an effort to recruit a water bottling facility into the business park located at the east end of town. As of the date of this report, Nestlé has signed an option to purchase land for the facility. No other agreements have been reached. This is an ongoing economic development effort involving three parties: the City, the Port, and Nestlé.

The following are some of the questions raised by concerned citizens and groups interested in this project.

Does the new bottling plant put a "strain on the existing water infrastructure?"

The City of Cascade Locks' current water system cannot handle the amount of water Nestlé would bottle for the waters of Oxbow Spring. It shouldn't. It's not designed to. The current water system, while in desperate need of the current \$3.76 million Water System Improvement Project, is designed to handle the residential, commercial, and usual industrial users in town. The City has just received a notice of eligibility from the USDA Rural Development which will allow us to borrow money and finance the needed Water System Improvement Project.

Nestlé will be required to build and maintain the entire infrastructure necessary to move the water from Oxbow Springs to the proposed plant. That infrastructure would be built to a higher standard (a food grade quality standard) than is required for municipal water systems. Since

*Cascade Locks is where the Bridge of the Gods spans the Heart of the Gorge;
where mountain, wind, and water create the best sailing in the Northwest;
and where the "CL" on the license plate stands for Cascade Locks, the second largest city in Hood River County!
The City of Cascade Locks is an Equal Opportunity Provider.*

that infrastructure would be independent of the City's water system, it does not strain the City's existing system. Over time, City revenue from water sales to Nestlé cost may at least maintain the cost of water and may even lower local ratepayers' costs.

Does the new bottling plant put a “strain on the transportation infrastructure?”

WaNaPa Street, the main street going through town (US Highway 30), and Forest Lane are the main routes from the east bound freeway exit (#44) to the Port of Cascade Locks Business Park. WaNaPa Street is the commercial center in town and adequately handles the westbound trucks coming off Interstate 84, stopping for the custard ice cream cones at the East Wind Drive Inn, and continuing back on the freeway to the west.

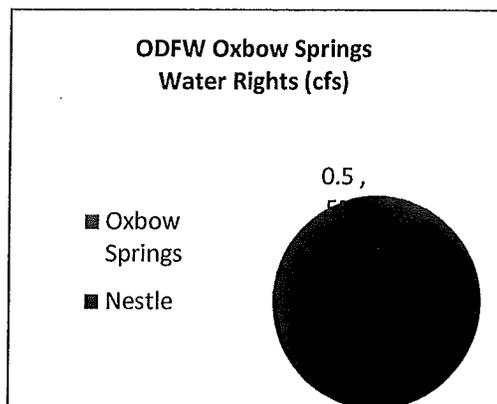
Forest Lane does travel through a residential neighborhood. The street is designed, according to the City's Transportation System Plan, to handle between 1,200 and 10,000 vehicle movements per day. With a population of only 1,235 people the City does not generate the maximum level of those vehicle movements. When the lumber mill was open on the east end of town, more timber was trucked through town than is anticipated with the bottling plant. 200 trucks per day (100 inbound and 100 outbound) is an average of one truck every 15 minutes in each direction. There are 22,000 vehicles traveling on Interstate 84 every day. 200 trucks per day is an increase of one tenth of one percent (.1%). The City Council is aware of the safety issues. The City is developing a plan to improve the sidewalks and bicycle lanes along Forest Lane and to possibly lower the speed limit from the current 35 mph. There will not be a strain on the City streets.

Nestlé has promised 50 new jobs. What happens if they don't reach that number?

Nestlé operates similar sized plants all over the United States. Those two-line plants require the promised amount of jobs. To a struggling community of 1,235 people with 16% unemployment, even half that number of jobs is significant. Is there a guarantee that Nestlé will hire the local people? No. They will hire the people that are qualified to work in the new facility. We will also work with Mt. Hood Community College and Columbia Gorge Community College to provide training that will prepare our own residents to compete for these jobs. We have great partners in the education field to help with this issue.

Will the State of Oregon “permanently give away the State's rights to Oxbow Springs”?

The Oregon Department of Fish and Wildlife (ODFW) has a 10 cubic foot per second (cfs) water right in Oxbow Springs. ODFW has a total of 40 cfs of water rights for the entire Fish Hatchery complex. The current cross transfer applications will move .5 cfs to the City of Cascade Locks. In return, the City of Cascade Locks will pump .5 cfs back into the Fish Hatchery system on an annual basis. This is an equal exchange.

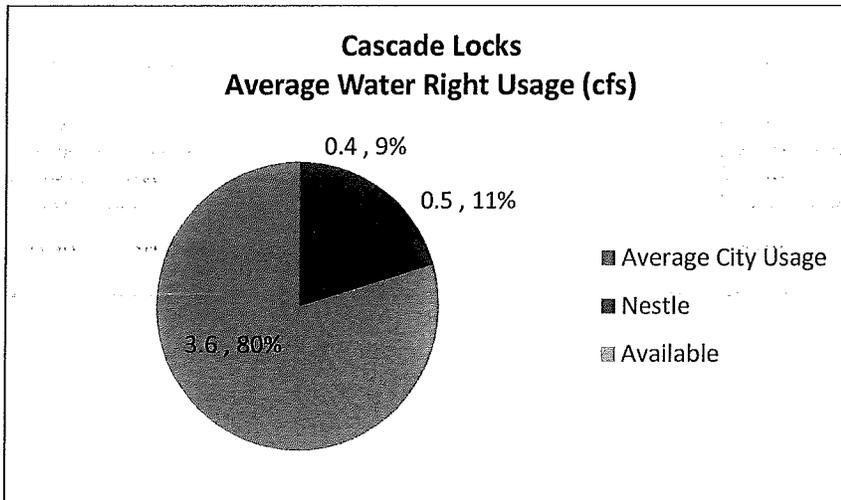


Nestlé is asking for only 1/80th of the Fish Hatchery's total water right – 1.25%. If the plant should leave at some point in the future, another application for cross transfers can be processed to reverse this action.

The State is not giving the water away. The water that the City receives from Oxbow Springs and bottled by Nestlé will be sold to them at a fair market price.

Can the City's water supply provide the necessary water to ODFW?

The City of Cascade Locks has a total water right of 15 cubic feet per second (cfs) from three main sources: Dry Creek surface water at 10 cfs, Moody Springs ground water at 1 cfs, and Herman Creek ground water at 4 cfs. The water supply the City currently uses is the Herman Creek well field. At 4 cfs, the water right is 2.6 million gallons per day. The city uses an average of just 266,667 gallons per day. The Nestlé usage would not be much more than that at 322,000 gallons per day at maximum production. The City has plenty of water available. After the Water System Improvement Project is completed, we should have even more water available because of the reduction in the current system's leaky pipes.



Why would the City sell the water for less to Nestlé than to its residents?

Americans have long held to the practice that if I buy more, I should get a volume discount. The average residential unit in Oregon uses 7,500 gallons of water per month. In Cascade Locks the average is closer to 4,000 gallons per month. At 4,000 gallons per month at a cost of \$2.50 per thousand gallons, that average resident pays \$10 for the water used. The water bottling facility will bottle 9,000,000 gallons per month for distribution. Although no price has been negotiated at this time, if the price was \$2.00 per thousand gallons, the monthly bill would not be \$10, but \$18,000. If you used that much water, wouldn't you want a break, too? Please also remember that the water Nestlé will be distributing will never go through City built or maintained infrastructure. The City will never pay for Nestlé's water transmission line as long as it delivers to the new plant.

Why doesn't the City just bottle its own water and sell it?

The City of Cascade Locks does not have the resources or the expertise to build or operate a \$50 million facility. Municipalities in the State of Oregon are strictly regulated for what investments they can make with tax payer dollars. A risky private venture is not within the realm of possibility. We are a public entity that does not operate on a profit margin scenario.

What are the environmental concerns?

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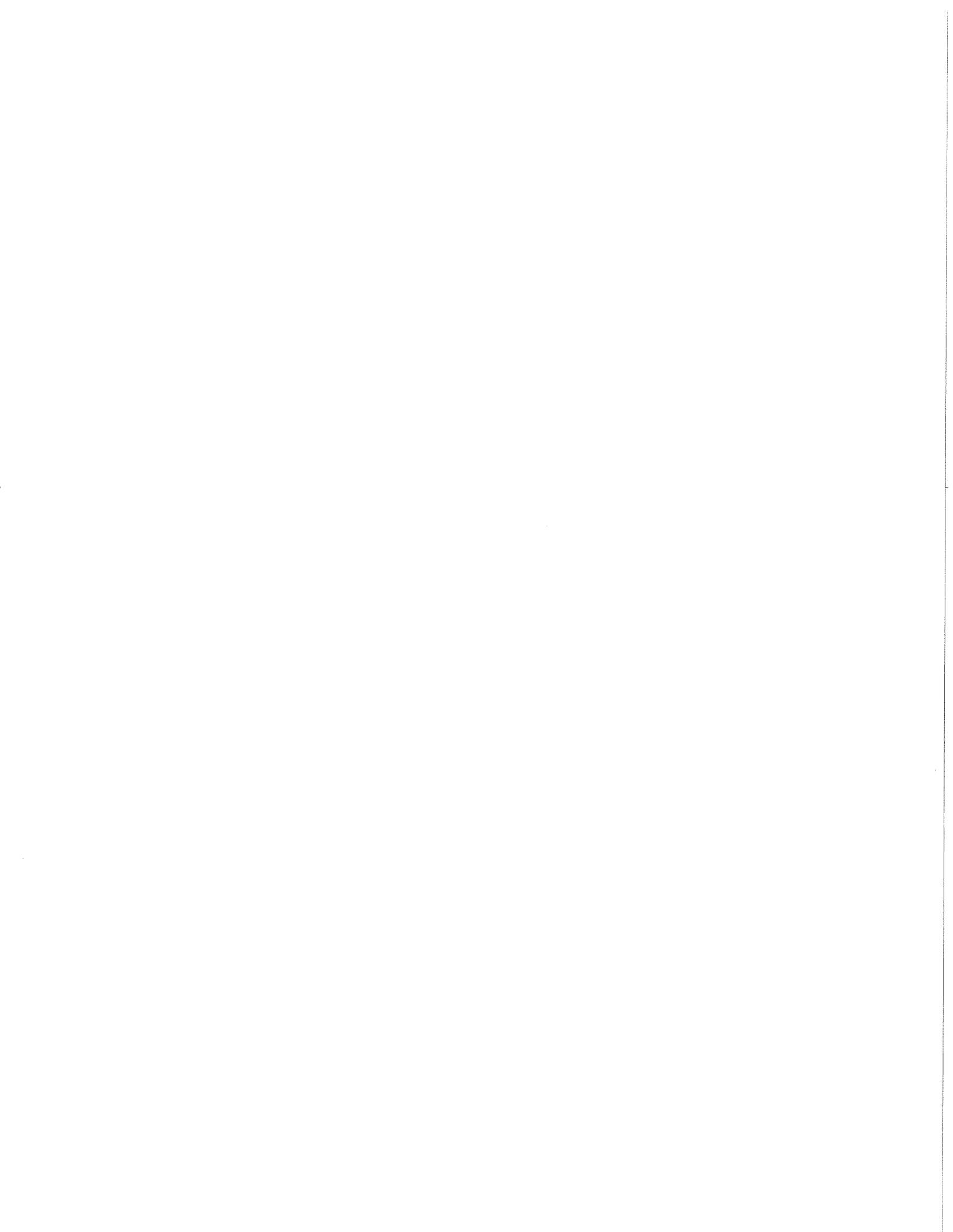
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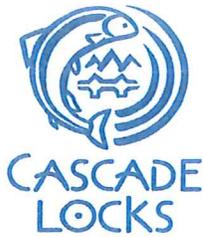
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As we continue to make progress, we'll update residents as often as possible. You can also feel free to contact the City and Port at any time to get a status update.

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City of Cascade Locks
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Some Questions and Answers About the City of Cascade Locks and the Nestlé Water Bottling Facility

The City of Cascade Locks has received a proposal from Nestlé Waters North America to potentially build a small-sized, two-line bottled water plant in the Port of Cascade Locks business park. Currently there are approximately 30 other water bottling companies that operate in the State of Oregon. Both the City and the Port are undergoing a rigorous process to assess the economic and environmental viability of this project, and are committed to keeping residents informed with the facts. We are proud of our community's long-standing commitment to water stewardship, and recognize the need to fairly consider and evaluate any major new business opportunities that could provide a much needed economic boost to our community.

The City of Cascade Locks and the Port of Cascade Locks are continuing the investigation and review of the relationship with Nestlé Waters North America in an effort to recruit a water bottling facility into the business park located at the east end of town. As of the date of this report, Nestlé has signed an option to purchase land for the facility. No other agreements have been reached. This is an ongoing economic development effort involving three parties: the City, the Port, and Nestlé.

The following are some of the questions raised by concerned citizens and groups interested in this project.

Does the new bottling plant put a "strain on the existing water infrastructure?"

The City of Cascade Locks' current water system cannot handle the amount of water Nestlé would bottle for the waters of Oxbow Spring. It shouldn't. It's not designed to. The current water system, while in desperate need of the current \$3.76 million Water System Improvement Project, is designed to handle the residential, commercial, and usual industrial users in town. The City has just received a notice of eligibility from the USDA Rural Development which will allow us to borrow money and finance the needed Water System Improvement Project.

Nestlé will be required to build and maintain the entire infrastructure necessary to move the water from Oxbow Springs to the proposed plant. That infrastructure would be built to a higher standard (a food grade quality standard) than is required for municipal water systems. Since

*Cascade Locks is where the Bridge of the Gods spans the Heart of the Gorge;
where mountain, wind, and water create the best sailing in the Northwest;
and where the "CL" on the license plate stands for Cascade Locks, the second largest city in Hood River County!
The City of Cascade Locks is an Equal Opportunity Provider.*

that infrastructure would be independent of the City's water system, it does not strain the City's existing system. Over time, City revenue from water sales to Nestlé cost may at least maintain the cost of water and may even lower local ratepayers' costs.

Does the new bottling plant put a "strain on the transportation infrastructure?"

WaNaPa Street, the main street going through town (US Highway 30), and Forest Lane are the main routes from the east bound freeway exit (#44) to the Port of Cascade Locks Business Park. WaNaPa Street is the commercial center in town and adequately handles the westbound trucks coming off Interstate 84, stopping for the custard ice cream cones at the East Wind Drive Inn, and continuing back on the freeway to the west.

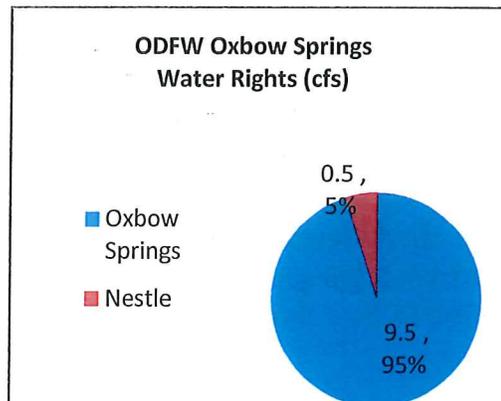
Forest Lane does travel through a residential neighborhood. The street is designed, according to the City's Transportation System Plan, to handle between 1,200 and 10,000 vehicle movements per day. With a population of only 1,235 people the City does not generate the maximum level of those vehicle movements. When the lumber mill was open on the east end of town, more timber was trucked through town than is anticipated with the bottling plant. 200 trucks per day (100 inbound and 100 outbound) is an average of one truck every 15 minutes in each direction. There are 22,000 vehicles traveling on Interstate 84 every day. 200 trucks per day is an increase of one tenth of one percent (.1%). The City Council is aware of the safety issues. The City is developing a plan to improve the sidewalks and bicycle lanes along Forest Lane and to possibly lower the speed limit from the current 35 mph. There will not be a strain on the City streets.

Nestlé has promised 50 new jobs. What happens if they don't reach that number?

Nestlé operates similar sized plants all over the United States. Those two-line plants require the promised amount of jobs. To a struggling community of 1,235 people with 16% unemployment, even half that number of jobs is significant. Is there a guarantee that Nestlé will hire the local people? No. They will hire the people that are qualified to work in the new facility. We will also work with Mt. Hood Community College and Columbia Gorge Community College to provide training that will prepare our own residents to compete for these jobs. We have great partners in the education field to help with this issue.

Will the State of Oregon "permanently give away the State's rights to Oxbow Springs"?

The Oregon Department of Fish and Wildlife (ODFW) has a 10 cubic foot per second (cfs) water right in Oxbow Springs. ODFW has a total of 40 cfs of water rights for the entire Fish Hatchery complex. The current cross transfer applications will move .5 cfs to the City of Cascade Locks. In return, the City of Cascade Locks will pump .5 cfs back into the Fish Hatchery system on an annual basis. This is an equal exchange.

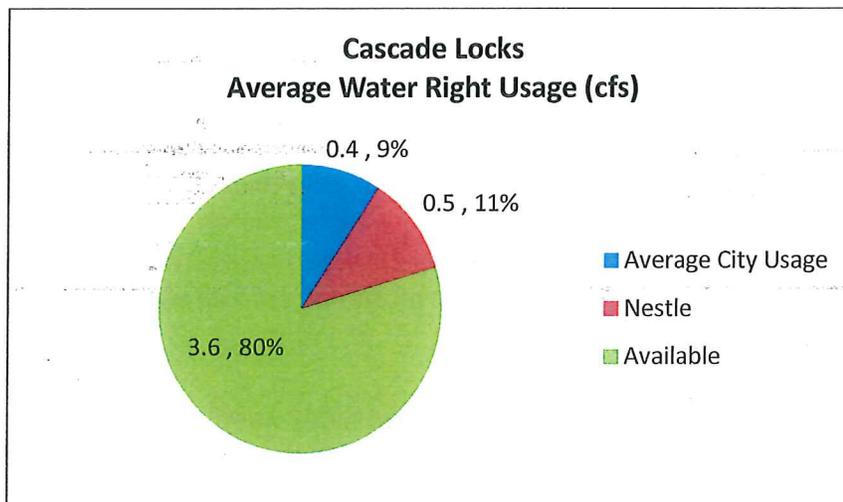


Nestlé is asking for only 1/80th of the Fish Hatchery's total water right – 1.25%. If the plant should leave at some point in the future, another application for cross transfers can be processed to reverse this action.

The State is not giving the water away. The water that the City receives from Oxbow Springs and bottled by Nestlé will be sold to them at a fair market price.

Can the City's water supply provide the necessary water to ODFW?

The City of Cascade Locks has a total water right of 15 cubic feet per second (cfs) from three main sources: Dry Creek surface water at 10 cfs, Moody Springs ground water at 1 cfs, and Herman Creek ground water at 4 cfs. The water supply the City currently uses is the Herman Creek well field. At 4 cfs, the water right is 2.6 million gallons per day. The city uses an average of just 266,667 gallons per day. The Nestlé usage would not be much more than that at 322,000 gallons per day at maximum production. The City has plenty of water available. After the Water System Improvement Project is completed, we should have even more water available because of the reduction in the current system's leaky pipes.



Why would the City sell the water for less to Nestlé than to its residents?

Americans have long held to the practice that if I buy more, I should get a volume discount. The average residential unit in Oregon uses 7,500 gallons of water per month. In Cascade Locks the average is closer to 4,000 gallons per month. At 4,000 gallons per month at a cost of \$2.50 per thousand gallons, that average resident pays \$10 for the water used. The water bottling facility will bottle 9,000,000 gallons per month for distribution. Although no price has been negotiated at this time, if the price was \$2.00 per thousand gallons, the monthly bill would not be \$10, but \$18,000. If you used that much water, wouldn't you want a break, too? Please also remember that the water Nestlé will be distributing will never go through City built or maintained infrastructure. The City will never pay for Nestlé's water transmission line as long as it delivers to the new plant.

Why doesn't the City just bottle its own water and sell it?

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